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Today's View

Wallets are back in focus.

Close to the news of Government planning to issue new draft guidelines for PPIs which include digital wallets, comes the news of RBI fastracking opening up UPI for the wallet companies. The opening up of the UPI framework and, in turn, the permission to allow interoperability between wallets has been a bone of contention between banks, wallet companies and NPCI. The Ratan Watal committee constituted to recommend measures to encourage digital payments had earlier favoured interoperability and other such changes.

Currently the digital wallets could access UPI platform only through their partner banks to facilitate bank to bank money transfers but even that hasn't been easy. There has been friction between the players on the uptake and security concerns, including an instance in the past where a bank had blocked the UPI app supported by a different partner bank on the grounds that the latter had violated UPI guidelines of interoperability.

Allowed direct access to UPI would mean say, a Wallet 'A' user would be able to send money to a merchant with Wallet 'B', expanding the usability of these instruments. RBI is expected to issue guidelines shortly on interoperability and revised 'know your customer' (KYC) norms for digital wallets, along with possibly fixing the interchange for this transaction.

Wallets, game on.

RBI to now open up UPI for digital wallets like Paytm and MobiKwik

Digital wallets such as Paytm and MobiKwik are set to become interoperable as Reserve Bank of India (RBI) prepares to open up the Unified Payment Interface platform for them as part of the government's digitisation campaign.

RBI is expected to issue guidelines shortly on interoperability and 'know your customer' (KYC) norms for digital wallet companies.

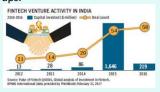
Source- The Economic Times

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OTHER INTERESTING NEWS

Cashless is ominous truth for fintech start-ups

Investors still remain wary when it comes to infusing fresh cash especially in fintech start ups even as the government's demonetisation scheme seems to have benefited fintech starturs.



A report shows that only \$219 million has been invested in the space in 2016-17, compared with \$1.6 billion the previous year, recording a 86% drop.

Source- The Financial Express

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Date- 14th Mar 17



Airtel Bank opens over 1 lakh savings accounts in TN

Airtel Payments Bank has enabled 100 villages across Tamil Nadu to go cashless to take its banking services deep into rural/unbanked areas and contribute to financial inclusion.

Till date, over one lakh savings accounts have been opened with Airtel Payments Bank across Tamil Nadu. These villages now have access to basic banking services and the option of making digital payments, making them less reliant on cash.

Source- Business Line

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RBI asks NBFCs to go cashless for gold loans above Rs 20k

The Reserve Bank of India (RBI) said that non-banking finance companies (NBFCs) cannot issue more than Rs 20,000 in cash against gold loans.

S Kannan, executive VP, Muthoot Fincorp said that the existing ceiling was Rs 1 lakh for cash disbursement and bringing it down to Rs 20,000 will have an impact. A very large number of our borrowers pledge their gold jewellery for loans between Rs 25,000-30,000. Now these people will have to forcibly go digital.

Source- The Economic Times

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Exempt NBFCs from Rs. 3-lakh cash restriction proposal: FIDC

The Finance Industry Development Council (FIDC) has urged Finance Minister Arun Jaitley to exempt non-banking finance companies (NBFCs) from a Budget proposal that seeks to restrict cash transactions of Rs. 3 lakhs or more in certain specified situations. FIDC is a self-regulatory body representing asset-financing NBFCs.

This proposal is to come into effect from April 1. The intent behind the proposal is to reduce the generation and circulation of black money.

Source- Business Line

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Public sector banks rush to get cyber insurance policies

Public sector banks are rushing to buy insurance for threats such as hacking, including data loss and associated liabilities. This comes in the wake of the Reserve Bank of India tightening reporting for banks.

The recent malware attack on Hitachi Payment Services affected 3.2 million debit cards across banks.

Source- The Economic Times

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digital-subscription model of

revenue. The feature provides services, utilities, and media,

Paytm opens platform for

entrepreneurs for recurring

Digital wallet Paytm has started recurring billing service for companies which work on a

payment services

among others.

The feature allow will developers and entrepreneurs utilise Paytm as a channel for recurring payments. After oneauthorisation, subscription amount will be autodebited from their Paytm wallet periodically.

Source- The Economic Times

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Now, an official mobile app for paying taxes, tracking funds

ΙT department developed a mobile app for paying taxes and tracking refunds and is considering issuing PANs on real time basis using Aadhaar biometric.

Minister of State for Finance Santosh Kumar Gangwar said that a turn-around-time of 4 prescribed hours is for allotment of PAN after receipt of PAN application from MCA portal to PAN service provider NSDL eGov portal.

Source- Deccan Chronicle

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This News Letter has been prepared with the assistance of Pankaj Tadas and Aparna Anand



India Digital Payments Companies Forced To Step Up Their Game

The government of India is launching three tools that will help cashless payments gain adoption but could hurt some of the leading electronic payment providers in the country, if they don't step up their game.

According to a report in Reuters, the government is rolling out a United Payments Interface (UPI) app that makes it easier for interbank fund transfers and Aadhaar Pay, which is a payment service that is linked to a bank and requires a national identity card that can be use with a fingerprint. The government is also backing Bharat QR, which is also a bank-linked service that relies on labels that can be read by machines.

Source- Pymnts.com

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Startups can soon take Rs 5 crore loan without collateral

Startups will soon be able to take loans of up to Rs 5 crore without collateral through a credit guarantee scheme prepared by the government. The scheme is awaiting cabinet approval and is likely to become functional soon.

The credit guarantee scheme would help the flow of "venture debt from the formal banking system." The government will provide up to 80 per cent risk cover for collateral-free credit given by banks to startups.

Source- The Economic Times

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Gujarat's foray into B2B ecommerce gives big push to small units

Gujarat government has entered into B2B ecommerce space as it allowed UK-based cloudbuy.com to develop B2B marketplace for accelerating its growth in state business by supporting SMEs and larger organisations via digitalisation.

Nilesh Gopali, cloudBuy, Country Head – India said that with B2B trading opportunities being much bigger and faster now, the businesses of Gujarat will immensely benefit both in terms of revenue growth and reaching out to a far wider audience here in India and globally.

Source- The Economic Times

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Digital to overtake traditional mediums by 2021-22: EY

Digital mediums are likely to surpass traditional ones by 2021-22, when smart phone and broadband penetration increases in the country.

According to our estimate digital will overtake physical when smartphone penetration becomes 50 per cent of the population, which will happen in 2019-2020 and when broadband is equal to one-third of the smartphone penetration, which will happen only by 2021-22.

Source- The Economic Times

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Bitcoin-based pyramid schemes flourishing in regulatory vacuum

According to Digital Assets and Blockchain Foundation of India (DABFI) the issue of multi-level marketing schemes is a global problem; however, these are now gaining traction in India owing to a lack of governing guidelines and the rapid rise in value of the crypto-currency.

Some small-time traders are taking advantage of the absence of rules governing crypto-currencies in India by creating multi-level marketing (MLM) or pyramid-like schemes with bitcoin as the base product.

Source- Mint

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JPMorgan to acquire MCX Technologies in mobile wallet push

JPMorgan Chase & Co agreed to acquire Merchant Customer Exchange's payment technology for its mobile and digital wallet application, Chase Pay. It will help Chase Pay better compete with Apple and Alphabet in the growing mobile-payments market in the

With the deal, major merchants that are a part of MCX consortium, as well as non-MCX merchants, will be able to more easily integrate Chase Pay as a digital payment option in the future.

Source- Gulf Times

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